



Asia-Pacific Center for Security Studies



SPECIAL ASSESSMENT

DECEMBER 2003

Asia's China Debate

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Welcome in Asia: China's Multilateral Presence

J I M R O L F E

Executive Summary

- China is actively engaged in developing multilateral relationships in Asia. This approach to the region has developed since the 1990s and reflects an understanding by China that both it and the region gain through multilateral approaches to a wide range of issues.
- China's multilateralism is situational rather than conditional. That is, it tends to prefer multilateral approaches as a matter of policy and will shape its approach according to the situation, rather than to set conditions and then decide whether to act multilaterally, bilaterally or unilaterally. In Southeast Asia, for example, China prefers informal processes of cooperative dialogue, but in central Asia it is more institutionalized and rule-bound. The multilateralism is, however, always active; China attempts to shape the multilateral environment to meet its own interests.
- East Asian states generally welcome China's multilateral approaches as an indication that China wants to work with the region rather than impose its will on it and because of the stability this brings to the region.
- In the medium to long term, China is likely to emerge as the de facto "leader" of East Asia. This will be in part because of its economic and military strength, but also because it has spent considerable time and effort in developing relationships with the region.

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE DEC 2003		2. REPORT TYPE		3. DATES COVERED 00-00-2003 to 00-00-2003	
4. TITLE AND SUBTITLE Welcome in Asia: China's Multilateral Presence				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Asia-Pacific Center for Security Studies, 2058 Maluhia Road, Honolulu, HI, 96815				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 8	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

INTRODUCTION

At first China was the Middle Kingdom and much of Asia paid tribute to it. Then came the century of shame, internal chaos, eventual control by the Communist Party and decades of relative isolation and mutual suspicion between China and the rest of the region. Today that suspicion lingers but is being rapidly overcome as China participates actively in regional affairs and promotes itself as, in the words of Foreign Minister Li Zhaoxing, “being friendly and [a] good partner with neighbors.” Good neighborliness is manifest in part through increased multilateral cooperation with the international community.

China’s multilateral experiences are mixed. China had an early and unwelcome experience of multilateralism at work in the early 1930s when the League of Nations acquiesced in Japan’s invasion of Manchuria. In the 1940s and 1950s the Soviet Union, through the Communist International (COMINTERN) and the Soviet-controlled Council for Mutual Economic Assistance, attempted to control China for its own benefit. In the latter half of the century China believed, possibly with some justification, that the international community was using multilateral institutions to form blocs against it to thwart its legitimate ambitions.

Since its 1971 accession to the “China” seat in the United Nations, China has gradually put itself through a “learning process” to determine how the UN and other international organizations work and what benefit membership in those organizations gives China in pursuit of its own national ambitions. In 1966 China was a member of only one international organization; by 2000 it belonged to at least fifty, and more likely seventy to eighty if less prominent regional organizations are taken into consideration. China’s early suspicion of international organizations—and multilateral links generally—has been replaced by an understanding that they can be beneficial both to China itself and to the international community more widely. China’s multilateralism, though, is distinctive. Its practical preference is for the soft multilateralism of dialogue, consensus building and mutual cooperation rather than formal treaties and institutional mechanisms, although such a preference is not invariable and where it can dominate proceedings, as in central Asia, China is quite prepared to work through formal institutions.

Scholars of the subject recognize that China is now comfortable with multilateral approaches to international issues. Indeed, by the mid- to late-1990s China was sufficiently confident in its dealings with multilateral institutions to be prepared to, for example, chair meetings of the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) confidence-building measures and processes, reflecting, as Gary Smith has noted, “a knowledge that the chairmanship conveys upon the incumbent the ability to determine the pace and the agenda ... so as to better protect its own interests.”

CHINA’S MULTILATERAL ACTIVITIES

Many of the international and regional organizations to which China belongs are of little analytical interest. They are functional, most countries belong to them, and their procedures are standardized. There are others, however, that merit

further examination. This is because the situations are not routine, or because they demonstrate the way in which China is developing as an “international team player,” or because they show China becoming increasingly assertive through multilateral initiatives. In sum, China’s multilateral engagement with the region shows that scholarly and other criticisms of it as being, for example, only “conditionally” interested in multilateralism and interested only in dialogue rather than any “more institutionalized arrangement whose norms and rules may constrain Beijing’s freedom of action” are hard to sustain.

At the pan-regional level, China has become an active member of the ARF, a grouping of foreign ministers that emphasizes the soft multilateralism of dialogue and focuses on security issues at the level of confidence building and preventive diplomacy. China was a founding member of the ARF but was suspicious of it as potentially a ploy by the United States to use the institutional framework to restrict China from playing a significant role in the region. The ASEAN states were at first equally wary of China and its intentions toward the region, but, as Amitav Acharya notes, the peaceful incorporation of China into a system of regional order was “a leitmotif of the launching of the ARF.”

China began to play an active role in the ARF from the mid- to late-1990s, using it as a forum to promote its own views on regional security and the appropriate ways states should interact with each other. The ARF has also been useful as a venue for bilateral meetings on the sidelines of the main meeting. For example, during the June 2003 ARF Foreign Ministers’ meeting in Phnom Penh, Japan successfully lobbied China to be involved in the multiparty talks on security of the Korean Peninsula. China has now become a proponent of the ARF process and more active on issues of interest to itself, but does not, however, want to see the forum become more active, or more institutionalized, or more wide-ranging in the issues it addresses. This position is accepted by ASEAN commentators who now see the ARF as one more channel through which China can be engaged with the region to “create more fruitful and constructive relations.”

China also works multilaterally at the sub-regional level, although in different ways in each sub-region. In Southeast Asia China is active and informal in its activities. It has attempted to demonstrate that it is a good neighbor and has worked to develop close links with ASEAN. In central Asia, China has been instrumental in developing a sub-regional organization, the Shanghai Cooperation Organization (SCO) and, with Russia, is attempting to shape the regional environment to its own advantage. Here it is working actively through formal and institutionalized processes. A different model again is used in Northeast Asia where there is no political sub-regional organization and, in the short term at least, no likelihood of one developing. Instead, China works actively through formal but not yet institutionalized processes to resolve the situation on the Korean Peninsula, engaging all the interested participants, and has begun to develop a multilateral economic regime, which could (in conjunction with the economies of Southeast Asia) develop into an institutionalized East Asian economic bloc and in the longer term into a political community.

ASEAN was formed in 1967 as an attempt to develop Southeast Asia in ways that were relevant and appropriate for the region. The association has strong political, economic and social initiatives and has close dialogue relationships with a

number of countries including, since 1996, with China. In the early 1990s, ASEAN countries generally were reluctant to engage China, seeing it as a threat rather than an opportunity. Thailand challenged this mindset and encouraged its ASEAN counterparts to the view that China could not be ignored and had to be engaged rather than challenged. China first attended the opening session of the annual ASEAN Foreign Minister's meeting in July 1991 as a guest of the host, Malaysia. In July 1994, two joint committees (one on economic and trade cooperation and the other on cooperation on science and technology) were established. China's relationship with ASEAN since then has widened and deepened and has covered issues ranging from the easy and mutually beneficial to the potentially divisive.

The cooperative relationship may be seen as China has worked with ASEAN countries within the Asia-Pacific Economic Cooperation (APEC) to present a common line and resist what is seen as pressure from the APEC's Western members (led by the United States) for speedy and inappropriate liberalization of national economies and the dismantling of trade barriers. The countries have also worked together to resist introducing security issues into APEC deliberations and they share similar views on questions such as human rights and sovereignty. In 2002 China and ASEAN also issued a "Joint Declaration on Cooperation in the Field of Non-Traditional Security," which has widened areas of cooperation and has included cooperation in anti-terrorist activities. Most recently, in September 2003, the ASEAN states sided with China to block attempts by the United States to have APEC call for "flexible exchange rate systems."

Potentially divisive issues are brought into focus in the South China Sea, an area in which a number of ASEAN countries and China have competing territorial claims, and where in the 1990s there was a flurry of territorial claims as structures were built on reefs and outcrops in an attempt to bolster national presences. Until late 2002, China resisted moves to multilateralize the issues as it saw its interests best promoted bilaterally—a common approach for larger states as they can prevail more easily against smaller states individually rather than as part of a group. China has now come to the conclusion that its long-term regional interests are better served through cooperation with the other claimant states. In November 2002 it signed a "Declaration on the Actions of the Various Sides Related to the South China Seas," a code of conduct which stipulates that the countries of ASEAN and China restrain from any activities that would escalate or complicate relations between them.

Mutually beneficial cooperative activity between the ASEAN states and China is seen in the moves to develop economic links, the centerpiece of which will be a China-ASEAN Free Trade Area. Agreement for a free trade area was achieved in 2001 following the report of the ASEAN-China Expert Group, "Forging Closer ASEAN-China Economic Relations in the Twenty-first Century." In this report, a China-ASEAN free trade arrangement was seen by the parties as "an important move forward in terms of economic integration in East Asia," as well as "a foundation for the more ambitious vision of an East Asia Free Trade Area, encompassing ASEAN, China, Japan, and Korea." In November 2002, at the annual ASEAN-China summit meeting, a "Framework Agreement on ASEAN-China Economic Cooperation" was signed. This, both sides agree, will lead to a free trade area within ten years. As part of this process China is making

bilateral arrangements (within a multilateral policy framework) with individual ASEAN countries to open specific market sectors. Indonesia's director of regional cooperation at the Ministry of Industry and Trade predicted the country could raise some US\$110 million in revenue from the export of agricultural and fish products to China in 2003 when the agreement would begin.

All this activity between the ASEAN states and China has been seen as extremely positive by ASEAN. Secretary-General Rodolfo Severino noted in 2001 that

when viewed and carried out in this light, the strengthening of the linkages, as well as the competition, between ASEAN and China bears enormous promise for the peoples of ASEAN and China and for the enterprises operating them. The dynamics between ASEAN and China as competitors and partners will then prove of tremendous benefit to all.

China has a different and more institutionalized relationship with the countries of central Asia than that with the ASEAN states. China was central to the 1996 formation of the so-called Shanghai Five grouping, now formally the SCO, which groups China and Russia with four other central Asian states. The SCO has, under China's close guidance, agreed to take institutional form with the establishment of a secretariat, begun to develop a combined counter-terrorist capability and is moving to develop an economic program to broaden trade links in the region.

For China, the SCO institutionalizes its influence in central Asia (and thus to some extent counters the increased U.S. presence and influence since September 2001) and gives it stability on its borders. For the central Asian members of SCO, most of which are at least wary of a powerful China, China's multilateral approach to the region gives them both an alternative economic outlet to less than promising relationships to their west and also binds China formally to their security. For those reasons, if for no others, central Asian states have welcomed China's presence in the region. In mid-2003 the SCO held its first multilateral anti-terrorism exercise. For the partner states, according to a commentator on Kazakhstan television, "[all] the observers noted that during the exercises the Chinese side demonstrated openness and the wish to cooperate in the future. This will undoubtedly promote the SCO's reputation as an effective international structure."

In Northeast Asia, China's multilateralism has been manifest more through "traditional" formal diplomatic processes than through institutions. In late 2002 North Korea acknowledged that it had an active nuclear weapons program and accused the United States of bad faith implementation of the 1994 Agreed Framework, which had been designed to halt North Korea's nuclear weapons program. Beijing understood immediately that a policy of non-involvement could not work. To serve its own interests China has had to be engaged, and that engagement is welcome in the region.

The South Korean political establishment is almost unanimous in demanding China's active involvement in resolving the Korean Peninsula security situation. China's role has been to attempt to bring the parties together, which it did fol-

lowing intensive bilateral diplomacy with the United States and North Korea separately. In April 2003, China hosted three-party talks with North Korea and the United States. Although these did not produce substantive results they did set the groundwork for further initiatives. China supported widening the talks to include South Korea, Japan, and Russia and was able to persuade North Korea that a wider format would benefit all sides. Six-party talks were held in Beijing in late August 2003.

Russian officials have noted that the six-party format will facilitate the settlement of the crisis, and South Korea's President Roh Moo-Hyun has thanked China for its role in the process and expressed the hope that it would continue to play a constructive role in settling North Korean issues. Even Mongolia, not a party to the talks, has welcomed the process and "would support any further efforts and initiatives aimed at the establishment of a zone of peace, trust and international cooperation on the Korean Peninsula." By persuading North Korea to accept the format of multiparty talks, China has reinforced its central position in security affairs in Northeast Asia.

China is also active in regional economic processes. These processes in themselves represent a change from the multilateralism of the 1990s in that they focus self-consciously on East Asia through the ASEAN Plus Three grouping rather than any global or pan-Asian system. China's so-called "new security concept," developed progressively since 1997, has as one of its planks "expanded economic interaction" with the region through organizational "reforms and improvements." In the last few years China has attempted to demonstrate that it is more a partner with Southeast Asia than a competitor. Consequently, most states in Southeast Asia see China's regional economic interactions as being in their own best interests.

As part of this interaction China has supported the region following the monetary crisis of 1997. It has become an active participant in the Manila Framework Agreement and Chiang Mai Initiative, both designed to stabilize and mitigate future monetary crises. In another move toward regional integration, China and ten other Asia-Pacific countries, including five ASEAN members, agreed in June 2003 to establish an Asian Bond Fund, initially to be worth more than \$1 billion. The initial purpose of the fund is to promote regional bond markets that will channel Asian foreign exchange reserves back into the region, but it could also be used to bail out economies in crisis.

As well as developing its proposed free trade area with ASEAN, China is actively involved in the development of both a Northeast Asian and an East Asian economic area. Chinese authorities understand that only through active participation will China be able to benefit from the processes of regional economic cooperation.

Several processes are involved in the development of a regional economic bloc. The first, the formal government-to-government agreements establishing free trade areas, is a slow process that has been underway for some years as part of the ASEAN Plus Three arrangements and is only now at the detailed negotiation phase. The second is the development of "sub-regional economic zones" or "growth triangles." China has developed growth triangles since the late 1970s when special economic zones were established in South China. This experience

has flowed through to international growth triangles in Northeast Asia where, despite initial setbacks, China has continued to persevere. Japan, Russia, Mongolia and Korea (both North and South) have all followed China's lead by developing their own special economic zones or by attempting to cooperate with those already in existence. These processes have had only limited success, but their potential is high. One conclusion, by Dajin Peng, is that a "geo-economic chain reaction is taking place in East Asia in which China is playing a leading role" and that "this will change the configuration of the East Asian as well as the world's political economy."

Closer Chinese economic involvement will be mutually beneficial. In Northeast Asia, Japan, South Korea and China are already each other's first or second largest trading partner. These countries understand the potential benefits of closer economic integration. According to the Korean Institute for Economic Policy, a free trade agreement between these three nations would lift Korea's gross domestic product (GDP) by 3.2 percent, China's by 1.3 percent, and Japan's by 0.2 percent—translating to \$12.7 billion for Korea, \$820 million for China, and \$12.3 billion for Japan. A similar study on the effects of a China-ASEAN free trade area showed that it would result in a 48 percent increase in ASEAN's exports to China and would increase China's GDP by 0.3 percent. A report sponsored (but not endorsed) by the Japanese government favors the multilateral trade processes: So long as China's growth is achieved within the multilateral framework Japan "will receive new business opportunities." ASEAN also has appreciated China's economic involvement. At the 1999 ASEAN Post Ministerial Conference, ASEAN's China country coordinator stated that

I would like to take this opportunity to reiterate ASEAN's appreciation to China ... [it has] contributed significantly to maintaining stability in the region's currencies and assisted ASEAN in its recovery efforts.... Also, China's stimulation of its economy through massive infrastructure development programmes will provide ample opportunities for ASEAN countries to benefit from trade with and investments in China....

There were concerns expressed about China's sincerity in assisting ASEAN. These concerns are baseless. As we have seen, China stood by ASEAN throughout the whole recent turbulent period.

CONCLUSION

China's multilateral engagement with the region is both broad and deep as it has become more integrated into—and cooperative with—the international community. Its multilateralism is situational rather than conditional. Engagement takes different forms according to the needs of the moment (and of China), but overall the processes seem to find favor with China's neighbors. ASEAN states especially have used these multilateral processes to develop new and closer relationships with China, and ASEAN states are pleased with the way China has worked in APEC, in the ARF and in the trans-regional processes linking East Asia

with Europe and Latin America, respectively. In Northeast, Southeast and central Asia, China's multilateral participation is seen as bringing stability and prosperity to the region. In the longer term these multilateral relationships will help China consolidate a leadership position in Asia.

In the near and medium-term future, although some states may continue to hold suspicions about China's longer-term intentions, it seems likely that China will maintain its policy of active and benign regional participation.

Are there residual doubts about China's increased interactions with the region? If so, they are well hidden. No country is going to risk alienating China by dismissing its efforts or asserting that they are misdirected. Indeed, as a matter of process, most of the region is happier with multilateral rather than unilateral or bilateral behavior, and thus China's approach works at that level. More specifically, there is no evidence that regional states are acting against China's increasing assertiveness by, for example, balancing with the United States against it. On the contrary, it seems more likely that Asia would like the United States to join them in cooperatively pursuing regional peace and prosperity with China.